

MEDIA AND RESPONSE SPECIALISTS LIMITED

REPORT AND ACCOUNTS

PERIOD ENDED 28 FEBRUARY 1995

Company Number : 2886697

**FINLAY ROBERTSON
Chartered Accountants
and Registered Auditors**

**Brook House
77 Fountain Street
Manchester M2 2EE**



MEDIA AND RESPONSE SPECIALISTS LIMITED

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DIRECTORS AND OFFICERS

Directors:

A D Jeal
D A Lucas
M B Williams

Secretary and Registered Office:

D A Lucas
5th Floor
Brook House
77 Fountain Street
Manchester
M2 2EE

MEDIA AND RESPONSE SPECIALISTS LIMITED

REPORT OF THE DIRECTORS

The directors present their first report and audited accounts for the period ended 28 February 1995.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity is the selling of media advertising space and time. The company was incorporated on 12 January 1994 and commenced trading on 1 March 1994. The directors are pleased to report that all trading targets have been exceeded in the company's first financial year both in terms of turnover and profit.

Looking at the next accounting period the directors are confident that recent major accounts secured by the company will ensure significant growth across the year.

RESULTS

Details of the results are set out in the profit and loss account on page 5. An interim dividend of £39,000 was paid on 28 February 1995. The directors do not recommend the payment of a final dividend and propose that the profit of £71,680 be added to reserves.

FIXED ASSETS

Details of changes in the fixed assets are given in note 8 to the accounts.

DIRECTORS

The directors holding office during the period and their beneficial interests in the issued ordinary share capital of the company were:-

		NUMBER OF SHARES	
		28 February 1995	12 January 1994 or date of appointment
A D Jeal	- appointed 12.01.94	25,000	2
M E Jeal	- appointed 12.01.94		
	- resigned 16.05.94	-	-
D A Lucas	- appointed 16.05.94	25,000	-
M B Williams	- appointed 16.01.95	25,000	25,000

MEDIA AND RESPONSE SPECIALISTS LIMITED

REPORT OF THE DIRECTORS

DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare accounts for each financial year which give a true and fair view of the company's affairs at the end of the year and its profit or loss for the year. In preparing those accounts the directors are required to:-

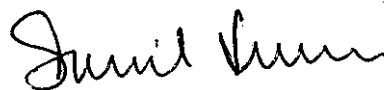
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Finlay Robertson offer themselves for re-election under Section 385(2) Companies Act 1985.

Signed by order of the board of directors



D A Lucas

Secretary

Approved by the board on 28 March 1995

77 Fountain Street
Manchester M2 2EE

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
MEDIA AND RESPONSE SPECIALISTS LIMITED

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 28 February 1995 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



FINLAY ROBERTSON
Chartered Accountants
and Registered Auditors

Brook House
77 Fountain Street
Manchester M2 2EE

28 March 1995

MEDIA AND RESPONSE SPECIALISTS LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 28 FEBRUARY 1995

	Note	£
TURNOVER - Continuing operations	2	2,900,848
Cost of sales		<u>2,515,210</u>
GROSS PROFIT		385,638
Administrative expenses		(262,973)
Other operating income		<u>18,647</u>
OPERATING PROFIT - Continuing operations	3	141,312
Interest receivable and similar income		<u>8,868</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		150,180
Tax on profit on ordinary activities	6	<u>39,500</u>
PROFIT FOR THE FINANCIAL YEAR		110,680
Dividends paid and proposed	7	<u>(39,000)</u>
RETAINED PROFIT FOR THE YEAR		71,680
RETAINED PROFIT BROUGHT FORWARD		<u>-</u>
RETAINED PROFIT CARRIED FORWARD	13	<u><u>71,680</u></u>

CONTINUING OPERATIONS

The company commenced trading on 1 March 1994. None of the company's activities were discontinued during the financial period. Cost of sales, gross profit, administrative expenses and other operating income all relate to continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses, other than the profit for the period.


The notes on pages 8 to 13 form part of these accounts.

MEDIA AND RESPONSE SPECIALISTS LIMITED

BALANCE SHEET AT 28 FEBRUARY 1995

	Note	£	£
FIXED ASSETS			
Tangible assets	8		49,933
CURRENT ASSETS			
Debtors	9	783,490	
Cash at bank and in hand		885,013	
		<u>1,668,503</u>	
CREDITORS: Amounts falling due within one year	10	<u>1,571,756</u>	
NET CURRENT ASSETS			<u>96,747</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>146,680</u>
CAPITAL AND RESERVES			
Called up share capital	12		75,000
Profit and loss account	13		<u>71,680</u>
EQUITY SHAREHOLDERS' FUNDS	13		<u>146,680</u>

These accounts were approved by the board on 28 March 1995



A D Jeal

Director

The notes on pages 8 to 13 form part of these accounts.

MEDIA AND RESPONSE SPECIALISTS LIMITED

CASH FLOW STATEMENT

PERIOD ENDED 28 FEBRUARY 1995

	Note	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	14	<u>887,697</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received		6,816
Dividends paid		<u>(39,000)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(32,184)</u>
INVESTING ACTIVITIES		
Purchase of tangible fixed assets		<u>(59,892)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(59,892)</u>
NET CASH INFLOW BEFORE FINANCING		<u>795,621</u>
FINANCING		
Issue of ordinary share capital		<u>75,000</u>
NET CASH INFLOW FROM FINANCING	17	<u>75,000</u>
INCREASE IN CASH AND CASH EQUIVALENTS	15,16	<u><u>870,621</u></u>

MEDIA AND RESPONSE SPECIALISTS LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 28 FEBRUARY 1995

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention.

Turnover

Turnover represents the total invoice value, excluding value added tax and trade discounts, of services provided.

Depreciation

Depreciation is provided at the following annual rates in order to write off the cost of each tangible fixed asset over its estimated useful life.

Motor vehicles	25% on cost
Office equipment	33 $\frac{1}{3}$ % on cost

Deferred Taxation

Deferred taxation is provided under the liability method on timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

2. TURNOVER AND RESULT

Turnover and pre-tax result are all attributable to the principal activities of the company and were generated wholly in the United Kingdom.

£

3. OPERATING PROFIT

Operating profit is stated after charging:

Directors' remuneration	69,778
Auditors' remuneration	6,000
Depreciation of owned tangible fixed assets	9,959
Operating lease rentals	7,000
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MEDIA AND RESPONSE SPECIALISTS LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 28 FEBRUARY 1995

£

4. DIRECTORS' REMUNERATION

Directors emoluments for management services

69,778

The emoluments of the Chairman and highest paid director were £33,566.

Emoluments of the other directors fell within the following ranges:

£0 - £ 5,000	1
£ 5,001 - £10,000	1
£30,001 - £35,000	1

£

5. STAFF COSTS

Wages and salaries
Social security costs

128,007
12,291

140,298

The average number of employees during the period was as follows:

	Number
Management	2
Media	3
Administration	2
	—
	7
	==

£

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax charge at 25%

39,500

MEDIA AND RESPONSE SPECIALISTS LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 28 FEBRUARY 1995

	£		
7. DIVIDENDS			
Dividend on ordinary shares - paid (52p per share)			39,000
			<u> </u>
8. TANGIBLE FIXED ASSETS			
	Office Equipment £	Motor Vehicles £	Total £
Cost			
Additions	35,780	24,112	59,892
	<u> </u>	<u> </u>	<u> </u>
At 28 February 1995	35,780	24,112	59,892
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
Charge for the period	5,835	4,124	9,959
	<u> </u>	<u> </u>	<u> </u>
At 28 February 1995	5,835	4,124	9,959
	<u> </u>	<u> </u>	<u> </u>
Net Book Value			
At 28 February 1995	29,945	19,988	49,933
	<u> </u>	<u> </u>	<u> </u>
			£
9. DEBTORS			
Trade debtors			751,585
Other debtors			10,056
Prepayments and accrued income			21,849
			<u> </u>
			783,490
			<u> </u>

MEDIA AND RESPONSE SPECIALISTS LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 28 FEBRUARY 1995

£

10. CREDITORS: Amounts falling due within one year

Bank loan and overdraft	14,392
Trade creditors	1,224,668
Taxation and social security	89,175
Other creditors	26,476
Accruals and deferred income	217,045
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	1,571,756
	<hr/>

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

No provision for deferred taxation has been made during the period. Unprovided deferred taxation in respect of accelerated capital allowances amounts to £1,254.

£

12. SHARE CAPITAL

Authorised:

100,000 ordinary shares of £1 each	100,000
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Allotted, called up and fully paid:

75,000 ordinary shares of £1 each	75,000
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2 Shares were issued for cash at par on 12 January 1994 to the company's subscribers. A further 74,998 shares were issued for cash at par on 16 January 1995 to increase the company's capital base.

MEDIA AND RESPONSE SPECIALISTS LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 28 FEBRUARY 1995

	£
13. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS	
Profit for the financial period after taxation	110,680
Dividends	(39,000)
	<hr/>
/	71,680
New share capital subscribed	75,000
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Closing shareholders' funds at 28 February	146,680
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Shareholders' funds are all attributable to Equity shareholders' interests.	
14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	
Operating profit	141,312
Increase in debtors	(781,438)
Increase in creditors	1,517,864
Depreciation charge	9,959
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Net cash inflow from operating activities	887,697
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15. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	
Net cash inflow	870,621
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Balance at 28 February 1995	870,621
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MEDIA AND RESPONSE SPECIALISTS LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 28 FEBRUARY 1995

16. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS
AS SHOWN IN THE BALANCE SHEET

	1994 £	1995 £	Change in year £
Cash at bank and in hand	-	885,013	885,013
Bank overdraft	-	(14,392)	(14,392)
	<hr/>	<hr/>	<hr/>
	-	870,621	870,621
	<hr/>	<hr/>	<hr/>

17. ANALYSIS OF CHANGES IN FINANCING DURING
THE PERIOD

	Share Capital £
Cash inflow from financing	75,000
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Balance at 28 February 1995	75,000
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18. FINANCIAL COMMITMENTS

Operating Leases

At 28 February 1995 the company had annual commitments under non-cancellable operating leases expiring within two to five years, in respect of land and buildings, of £12,000.